Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Regional Transportation Committee

Friday, October 14, 2005
9:30 AM
Commission Chamber

Charles Anderson, CPA
Commission Auditor

111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354

Miami-Dade County Board of County Commissioners
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Legislative Analysis

Regional Transportation Committee
Meeting Agenda

Friday, October 14, 2005

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

3(A)	3(D)
7(B)	

Supplementary Information for the below listed item is provided for your consideration in this Legislative Analysis.

3(C)	

If you require further analysis of these or any other agenda items, please contact Guillermo Cuadra, Chief Legislative Analyst, at (305) 375-5469.

Acknowledgements--Analyses prepared by:
Guillermo Cuadra, Esq., Chief Legislative Analyst
Tim Riera-Gomez, Senior Legislative Analyst

RTC ITEM 3(A)
October 14, 2005

LEGISLATIVE ANALYSIS

RESOLUTION AWARDING THE NON-EXCLUSIVE DUTY AND TAX FREE CONCESSION CONTRACT AT MIAMI INTERNATIONAL AIRPORT, RFP NO. 03-04, TO DUTY FREE AMERICAS MIAMI, LLC; AUTHORIZING COUNTY MANAGER OR DESIGNEE TO EXECUTE AGREEMENT AND TERMINATION PROVISIONS CONTAINED THEREIN; WAIVING REQUIREMENTS OF RESOLUTION NO. R-377-04

Aviation Department

I. SUMMARY

This Resolution awards Duty Free Americas Miami, LLC (DFAM), a non-exclusive lease and concession agreement to finance, design and construct, sublease, manage, operate and maintain duty and tax free concessions at MIA (RFP No. MDAD-03-04). This Resolution waives the requirements of Resolution No. R-377-04 relating to the effective date of said lease and concession agreement.

II. PRESENT SITUATION

The current duty and tax free concessionaire is Starboard Cruise Services, Inc., and its agreement with the County expires on November 30, 2005. Starboard Cruise Services, Inc., did not participate in the current RFP process. The County received proposals from: Duty Free Americas Miami, LLC, Dufry Miami Retail Partnership, Worldwide Duty Free Retailer LLC, and Miami Duty Free LLC/Nuance Group.

Proposers were evaluated on the basis of points awarded for written proposal and oral presentation, and points awarded based on proposed Minimum Annual Guarantee (MAG). DFAM is ranked highest on both evaluative components (see page 67).

RFP No. MDAD-03-04 Timeline

12-02-04 -- BCC approves request to advertise (Resolution No. R-1493-04)

12-20-04 -- RFP is advertised

03-07-05 -- County Manager appoints Selection Committee

04-22-05 -- Deadline for submittal of proposals

05-26-05 -- Responsiveness opinion from County Attorney's Office – page 38

06-02-05 -- DBE compliance report from Minority Affairs Division – page 40

06-06-05 -- Prescreening meeting and oral presentations

06-15-05 -- Selection Committee's recommendation to County Manager – page 34

07-06-05 -- Manager approves recommendation and appoints Negotiation Committee – page 8

08-30-05 -- Manager's revised approval waiving negotiations – page 6

09-14-05 -- DFAM signs contract

10-14-05 -- Deadline to file protest

III. POLICY CHANGE AND IMPLICATION

This award continues the policy of providing quality duty and tax free concession services at MIA requiring Disadvantage Business Enterprise (DBE) participation.

Certified DBE Participants:

Concourse Concessions, Inc. 20% member of DFAM
Onsite management and operations of duty free stores
In business since 1992
Headquartered in Los Angeles, California

Siboney Wine & Spirits Merchants, Inc. 10% member of DFAM
Management and operation of duty free stores / consulting
In business since 1995
Headquartered in Hollywood, Florida

IV. ECONOMIC IMPACT

Pursuant to the agreement, DFAM will pay MIA the required percentage fee of monthly gross revenues or the minimum monthly guarantee, whichever is greater. In addition, DFAM will pay monthly rent for 12 locations with a total of 35,841 square feet.

- DFAM to pay MAG of $20,018,770
- Cost of rent at MIA as of October 1, 2005 is $59.77 per square foot
- DFAM is required to have in place a MAG and Rent Performance Bond equals 75% of the MAG and rents for current year of operation
- DFAM is required to provide an irrevocable letter of credit or cash as Payment Security in an amount equal to three times the minimum monthly guarantee plus rental and applicable taxes
- MAG is anticipated to be prorated at 59% of the above amount due to the North Terminal Units that are not on-line
- The North Terminal Units not on-line represent 14,678 square feet of the total 35,841 square feet
- The remaining 21,163 square feet multiplied by $59.77 per square foot. ft. results in rent of $1,264,912.51 plus tax per year, prorated and payable into twelve monthly payments

V. COMMENTS AND QUESTIONS

Operating duty and tax free concession stores at airports is a complex endeavor requiring a significant investment. It requires the establishment of a Customs bonded warehouse. A Customs bonded warehouse is a secured area in which dutiable goods may be stored, or manipulated, without payment or duty. Authority for establishing bonded storage warehouses is set forth in Title 19, United States Code (U.S.C.), §1555. The merchandise must be owned or sold by the proprietor and delivered from the warehouse to individuals departing from the Customs territory or foreign destinations. There are specific requirements governing their establishment. These requirements include location, exit points, and record-keeping systems among others.

<u>Transition related Issues</u>

With the termination date of the current duty free agreement less than seven weeks away, is there enough time for a new concessionaire to begin full operations by December 1, 2005?

It is possible that a new concessionaire may not be fully capable to come in a relatively short amount of time and be fully operational due to staffing needs, background screenings required by federal authorities, and design and construction issues.

What can be done to prevent a potential gap in the provision of duty free concession services as the County transitions from one provider to the next?

Any disruption in duty free concession services at MIA would have a significant fiscal impact to the County. The Aviation Department is looking at several options to eliminate or minimize any adverse impact. These options include a 30 to 60 day extension for the current concessionaire, and duty paid services.

What does DFAM need to do to become operational on or about December 1, 2005?

What steps have been taken to continue monitoring bona fide participation of DBE in the duty free concession operations?

Attachments

ATTACHMENT A

Paper: Miami Herald, The (FL)
Title: DUTY FREE AMERICAS RECEIVES RECOMMENDATION FOR MIA DEAL
Date: July 31, 2005

Duty Free Americas, a Hollywood firm with stores at 12 U.S. airports, and whose parent company owns French designer label Christian Lacroix, will likely be the next operator of Miami International Airport's tax-**free** stores.

The company, owned by three brothers who grew up in Miami Beach and made their money in the perfume business, beat out three other contenders - each with local political ties - to win an airport evaluation committee's recommendation. MIA is now working on a contract for the 12 stores, to be presented to the Miami-Dade County Commission in September.

As an international gateway, MIA's **duty**-**free** business is among the most significant in North America, ranking fifth in gross revenue in 2004, according to Airport Revenue News, a monthly trade magazine published in Palm Beach Gardens. About seven million international passengers fly out of MIA each year.

``If there is one airport we wanted to do business in, it's Miami airport,'' said Simon Falic, 44, the oldest of the three brothers, and chairman of **Duty Free Americas**. ``We look forward to finalizing [the contract] as soon as possible and opening the stores as soon as possible.''

The **duty**-**free** shops will span MIA, from the North to the South terminal. Brightly lit, with an open layout and merchandise displays, the tax-**free** shops promise to be well-stocked, have longer hours and offer promotions to attract more customers and boost sales, said Joe Kearney, **Duty Free Americas**' vice president of business development.

The majority owner of the existing **duty**-**free** operator at MIA - Starboard Cruise Services, which is owned by international luxury brand maker LVMH - opted not to bid this time, citing financial reasons. Its contract for eight existing stores expires at the end of November.

Duty Free Americas, purchased and renamed by the Falic brothers in 2001, operates a total of 85 shops at airports, including New York's JFK, Chicago O'Hare, Washington Dulles and Boston Logan, and along the U.S. borders. Among its Latin America airport shops are those in Maracaibo, Venezuela; Panama City, Panama; and Medellin, Colombia.

``It was a combination of their technical expertise to do what they say they can do, the look of the design, and the experience factor of having worked in a variety of airports, that helped make this our recommendation for award,'' said Patricia Ryan, MIA's manager of commercial operations, and a member of the airport's evaluation committee.

The company also bid more money. **Duty Free Americas** Miami offered a minimum annual guarantee to the airport of $20 million - topping the $18.5 million offered by Dufry Miami Retail Partnership and about $9 million more than two other contenders, Worldwide **Duty Free** Retailer, and Miami **Duty Free**.

The new concessionaire also must pay about $9 million in construction costs to build out the stores.

`A LITTLE HIGH'

``It's a little high,'' said Pauline Armbrust, publisher of Airport Revenue News, of the $20 million minimum annual guarantee. ``But obviously Miami is a great airport for **duty free**, and I'm sure they are planning to drive sales and meet those revenue targets.''

Falic said he did not overbid, and feels confident the company can make the payment and still earn a profit.

In fiscal 2004, by comparison, MIA earned $13.6 million from the current **duty**-**free** concessionaire, including $8.9 million in minimum annual guarantee, $3.3 million in rent and an additional $1.4 million, based on a percentage of revenue.

In an airport known for heavy lobbyist influence, **Duty Free Americas** hired two to support its proposal, Alan Becker of Becker Poliakoff, and Miguel Diaz de la Portilla, of Adorno & Yoss. Falic declined to say how much the company has paid them in fees.

PARTNERS

Duty Free Americas is partnering with two minority firms on the Miami contract. Concourse Concessions, a Los Angeles company owned by an African-American woman, has operated two **duty** and tax-**free** stores at Los Angeles International Airport for 16 years, and two stores at Washington Dulles for nearly two years.

Siboney Wine & Spirits Merchants is owned by Miami resident Jaime Alonso, who has been a wholesaler of wines and liquor to the Caribbean and Latin America for 10 years.

Neither has had business ties to MIA.

Duty Free Americas will own 70 percent of the Miami airport contract, Concourse Concessions, 20 percent, and Siboney 10 percent.

The firm's proposal promises to top the existing **duty**-**free** stores' revenue. The current operator's eight stores last year generated $38.8 million in revenue, or $1,861 in revenue per square foot, on 20,937 square feet.

Duty Free Americas projects it will boost revenue on its 12 stores to $85 million, on 35,841 square feet - or $2,372 per square foot - by 2008. By 2015, it projects $118 million in revenue.

``Miami airport has a strong Latin base, and Europeans,'' Falic said. ``And we're going to gear our merchandise and sales staff to try to accommodate the main customers.''

Duty-**free** shoppers will find stores outfitted with cosmetics boutiques featuring Estee Lauder, Clinique, Lancome and Christian Dior; luxury boutiques by Hermes, Cartier, Fendi and Ferragamo; and premium liquor boutiques showcasing Jack Daniels, Johnnie Walker and Tanqueray, according to the proposal.

Catering to MIA's special mix of nationalities, the stores will also feature brands that are popular in certain countries, like Cacique rum, Pisco and Heradura tequila, the proposal says.

ELIGIBLE SHOPPERS

Only passengers holding boarding passes on international flights out of Miami can shop at the stores.

The Falic brothers, who each live in Bal Harbour, primarily made their money in the perfume business. Simon Falic was a co-founder and at one time chairman of discount perfume retailer Perfumania, which was also founded by his brother-in-law Ilia Lekach. Falic was also a large shareholder of Fort Lauderdale fragrance manufacturer Parlux Fragrances, which Lekach heads as chairman. Falic said he is no longer a shareholder of either company and no longer has business ties with Lekach.

Falic was familiar with **Duty Free Americas**' company's predecessor, because Parlux had been a vendor to the south border stores of **Duty Free** International for several years. In October 2001, the Falic brothers bought **Duty Free** International, and renamed it **Duty Free Americas**. In November 2003, they moved the company from Glen Burnie, Md., to Hollywood.

In fiscal year 2005, **Duty Free Americas** generated $13 million in profit on $354.2 million in revenue. Of that, $98 million in revenue came from airport **duty**-**free** stores, according to financial statements in the proposal.

In addition to **Duty Free Americas**, the Falic Group bought French couturier Christian Lacroix in January from LVMH. The company also bought cosmetic labels Urban Decay and Hard Candy in 2002. The **duty**-**free** stores will sell items from those brands, as well as Christian Lacroix accessories like ties and scarves, Falic said.

``They have done a phenomenal job in the industry since they have moved into the business,'' said Lois Pasternak, editor and publisher of Travel Markets Insider, of **Duty Free Americas**. ``The industry thinks extremely highly of them.''

OTHER BIDDERS

Here are the other bidders, and their bids, for the new **duty**-**free** contract at Miami International Airport:

* DUFRY-MIAMI RETAIL PARTNERSHIP, $18.5 million. A partnership between Dufry America and Miami International Airport Pharmacy - a company controlled by Rosa Terner, which had operated two sundry stores and nine $10 accessories and jewelry stores at MIA since 1990. Miami International Airport Pharmacy's owners are also the principals of West Miami-Dade-

based Bijoux Terner.

Terner's company's contract was canceled last year, when Westfield Concession Management won the central terminal bid, but some stores remain open until the new concessions open.

Dufry's parent, based in Basel, Switzerland, operates more than 270 shops at airports, seaports, train stations, cruise ships, ferries, border crossings, and other venues.

* WORLDWIDE **DUTY FREE** RETAILER, $11.2 million. A partnership between Brasif **Duty Free** Shop Ltda., the largest **duty**-**free** operator in Latin America, and three minority investors. One partner, Miami to Go, has been a minority operator of MIA's **duty**-**free** stores for the past decade. The other minority investors are DB Travel Retailer and **Duty Free** World.

Brasif has had two stores at MIA, Aroma & Co. and Leather & Co., since January 2004. The company also operates a Brazilian food and beverage distributor from its Miami base.

* MIAMI **DUTY FREE**, $11 million. A newly formed venture owned 51 percent by Nuance Global Traders (USA), part of the Nuance Group, and 49 percent by ACD-DFASS Airport Ventures - owned by Albert Dotson, Cirilo Rodriguez and David Franklin of ACD and Bernard Klepach, CEO of the DFASS Group, which supplies **duty**-**free** products to airlines and airports.

Nuance Group is one of the world's largest airport **duty**-**free** and travel retail operators, with $1.7 billion in annual sales and 350 stores at 56 international airports.

Dotson's company, Puryear, won a contract at MIA to install carpeting in 1997 - a job that was supposed to take four months but 14 months later was laden with allegations of delays and shoddy workmanship.

Klepach also owns DTR Travel Retail, which operates a store and three kiosks at Los Angeles International Airport.

Author: INA PAIVA CORDLE, icordle@herald.com
Section: Business
Page: 1E

ATTACHMENT B

TRAVEL MARKETS INSIDER Vol. 8-35

Covering the Americas & the Caribbean. 9697 North Springs Way, Coral Springs, Florida USA 33076 parsnip5@aol.com

DFA wins MIA duty free contract with a $20 million bid in transparent proceedings

At the conclusion of a full day of oral presentations from the four companies bidding on the duty free contract, the Selection Committee of the Miami International Airport named the Duty Free Americas group the winner of the ten-year duty free concession yesterday.

The Duty Free Americas Airport LLC won both the technical component of the bid and the financial component, offering a minimum annual guarantee (MAG) of $20+ million. DFA beat out the Dufry bid of $18.55 million, Brasif (Worldwide Duty Free Retail) with $11.2 million and Nuance/DFASS (Miami Duty Free LLC) with $11 million.

Duty Free Americas also won the technical bid, which rated financial capacity, experience, development/design, the DBE program and management/operations. The main theme of its presentation was how it planned to increase MIA's annual airport duty free sales from the current $40 million to $85 million in 10 years. The company made a compelling argument, illustrating the potential by showing the increases it has generated in its current airport stores over the past few years. The DFA group includes Bettye Dixon's Concourse Concessions Inc.(CCI), the largest DBE company in the US. CCI will also mentor an additional DBE, Jaime Alonso's Siboney Wine & Spirits Merchants.

The Brasif-led Worldwide Duty Free Retailer presentation, which came in second in the technical qualifications, was also particularly effective. Brasif's Fabiano Vivacqua and Gustavo Fagundes were joined by Miami To Go's Carole Ann Taylor, Duty Free World's Mayra del Valle and Leylani Cardoso and former Brasif director Eduardo Pereira, in a choreographed, integrated presentation stressing why they would be best for the airport.

The Miami Duty Free (Nuance/ACD-DFASS) and Dufry Group presentations were both professional and informative. When the technical and financial scores were added together, Dufry came in second after DFA, with Brasif and Nuance/DFASS coming in third and fourth.

Following the scoring and calculations of the RFP winner, the Selection Committee voted to send their recommendation on to the appropriate county government agencies, the Regional Transportation Committee and then the Board of County Commissioners.

The next step for the DFA group is to meet with a negotiating committee made up of three members of the Selection Committee—Patricia Ryan and Douglas Jorge of Miami-Dade Aviation Department and William D. Talbert, president and CEO of the Greater Miami Convention & Visitors Bureau. These negotiations are expected to take place within the next two-three weeks. The recommendation could reach the County Commissioners by August.

"We look forward to the opportunities of working with a new duty free retailer at Miami International Airport."
Patricia Ryan, Manager, Commercial Properties, Miami-Dade Aviation Department

Editor's Note: The proceedings surrounding the MIA contract were a fascinating exercise in open government at work.

Under Florida's Sunshine Laws, all government meetings and records are accessible to the public. As a result, each of the companies bidding on the MIA contract was able to view its competitor's presentations and all of the contenders took advantage of the opportunity.

With the exception of one or two attorneys at the meeting, all of the operators *Insider* spoke with said this was the first time they had been able to view a rival company's presentation.

Patricia Ryan, manager of commercial operations who has been in charge of the RFPs, and the Miami-Dade Aviation Department, must be commended for running such a transparent process, in a city that has not always been known for the clarity of its government contracts.

The presentations demonstrated a high level of professionalism and commitment among the bidders, as well as a slew of innovative new ideas for everything from partnerships to ways of increasing store penetration. (Brasif told about the lounges it has set up inside some of its larger stores, where coffee and good-smelling fresh baked cheese bread successfully lure customers into the store.) Every one of the companies presenting should be very proud of their efforts.

One additional observation: The huge disparity between the DFA and Dufry MAG bids from the others obviously reflect their conviction that they can achieve significantly higher sales in the future. *Lois Pasternak*

RTC ITEM 3(D)
October 14, 2005

LEGISLATIVE ANALYSIS

RESOLUTION AUTHORIZING THE ISSUANCE AND ADVERTISING OF A REQUEST FOR PROPOSALS (RFP MDAD 05-05) RELATING TO A NON-EXCLUSIVE CONCESSION PROGRAM TO SELECT QUALIFIED FIRMS TO DEVELOP RETAIL CONCESSION LOCATIONS IN THE NORTH AND SOUTH TERMINALS AND CONCOURSES AT MIAMI INTERNATIONAL AIRPORT

Aviation Department

I. SUMMARY

This Resolution authorizes advertising a Request for Proposals (RFP No. MDAD05-05) related to a Non-Exclusive Retail Concession Program at MIA. This RFP is substantially different, as directed by the Board, than RFP No. MDAD-01-04. This RFP provides greater emphasis on assuring participation of local and/or small businesses.

II. PRESENT SITUATION

Comparison Chart

	RFP MDAD 05-05	**RFP MDAD 01-04**
Characteristics	At the direction of the Board, the retail concession RFP provides greater opportunity to local and/or small business. Proposers can propose as prime concessionaire, developer or direct lessee (developer and concessionaire subtenant's percentage fee is three percent lower than direct lessee. Technical evaluation includes assessment of point based on local themes and local ownership.	Originally geared to the larger developers and master concessionaires.
# of Packages	8	4
# of Locations	27	77
Package # / Locations	#1 / 8 locations #2 / 8 locations #3 - #6 / 1 location each #7 / 1 location (SB only) #8 / 2 locations (SB only)	#1 / 37 locations [rejected by BCC] #2 / 36 locations [rejected by BCC] #3 / 2 locations (SB* only) no proposal was received #4 / 2 locations (SB only) awarded to Miami International Airport Pharmacy, Inc.
Minimum MAG	Proportionate to the square footage that will be open and available	Packages #1 & 2 = $1.3 million No MAG for #3 or 4 (fixed fee)

* Small Business

III. POLICY CHANGE AND IMPLICATION

This RFP provides for continued and/or increased provision of retail concession services at MIA.

IV. ECONOMIC IMPACT

- Pursuant to the Lease and Concession Agreement, Prime Concessionaires, Developers, and/or Direct Lessees will pay a MAG which includes rent, or percentage of gross revenues, whichever is greater
- Cost of rent at MIA as of October 1, 2005 is $59.77 per square foot
- Prime Concessionaires, Developers, and/or Direct Lessees are required to have in place a MAG and Rent Performance Bond equal to 75% of the MAG and rents for current year of operation
- Prime Concessionaires, Developers, and/or Direct Lessees are required to provide an irrevocable letter of credit or cash as Payment Security in an amount equal to three times the minimum monthly guarantee plus rental and applicable taxes

V. COMMENTS AND QUESTIONS

Page 1 of the Manager's memo states that the "RFP is attached in substantially completed form." What, if any, material provisions need to be included in the RFP?

RTC ITEM 7(B)
October 14, 2005

LEGISLATIVE ANALYSIS

RESOLUTION DIRECTING THE COUNTY MANAGER TO CONDUCT A FEASIBILITY STUDY TO EVALUATE POTENTIAL COST SAVINGS THROUGH THE USE OF FLEX-FUEL/"GASOHOL" OR OTHER ALTERNATIVE FUEL SOURCES FOR MIAMI-DADE COUNTY'S VEHICLE FLEET AND TO REPORT SUCH FINDINGS TO THE REGIONAL TRANSPORTATION COMMITTEE (RTC) WITHIN THIRTY (30) DAYS

Chairman Joe A. Martinez

This analysis was prepared prior to the request of a feasibility study by Chairman Martinez. It should be utilized as supplemental information along with the Manager's Report.

I. SUMMARY

This resolution directs the County Manager to study any potential cost savings that may be associated with the County's use of Gasohol (or Flex-fuel) in County Fleet vehicles.

II. PRESENT SITUATION

Most County fleet vehicles currently run on a 100% petroleum based fuel, either via diesel or traditional octane based gasoline.

In recent years, at the direction of the Board of County Commissioners, the County has introduced more "Hybrid" vehicles into their fleet. These vehicles use traditional gasoline, however combined with an electrical motor, these vehicles realize better fuel mileage. Miami-Dade County currently has 281 Hybrid vehicles in its fleet. The data related to efficiencies, based simply on cost related to fueling these vehicles, is inconclusive. **(SEE ATTACHMENT 1)**

Flex Fuel

A flexible fueled vehicle (FFV) has a single fuel tank, fuel system, and engine. The vehicle is designed to run on unleaded gasoline and an alcohol fuel (usually ethanol) in any mixture.

Gasohol

Gasohol is a gasoline extender made from a mixture of gasoline (90%) and ethanol (10%; often obtained by fermenting agricultural crops or crop wastes) or gasoline (97%) and methanol, or wood alcohol (3%).

Some communities currently exploring the use of Gasohol and/or Flex Fuels are:

- State of Illinois
- State of Michigan
- Brazil
- India
- China
- State of Tennessee
- The United States' Central Intelligence Agency (CIA)

Brazil is seen as a foremost user of Gasohol vehicles worldwide. **(ATTACHMENT 2)**

Stations that provide Gasohol and other Flex Fuels are more common in the states known as the "farm belt" or "corn belt". It is not as common in Florida to find Gasohol at commercial fuel stations.

III. POLICY CHANGE AND IMPLICATION

None

The County has already expressed its intention to explore alternatives to strict petroleum consumption vehicles.

IV. ECONOMIC IMPACT

Although Gasohol is not as common in Florida as other states, in states where Gasohol is available, the prices are significantly lower than Gasoline.

The cost of a vehicle that utilizes Gasohol is comparable to the same vehicle which utilizes traditional gasoline.

The County currently pays substantially more for "Electric/Hybrid" vehicles.

The State of Tennessee utilizes Flex-fuel "E-85" Ethanol/Gasoline vehicles. The price per vehicle was approximately $1,000 more per vehicle than its gasoline only equivilant, however the State received a $5,000 per vehicle credit from the Federal Government.

Although for many years the State of Tennessee did not have the infrastructure to utilize the "E-85" fuel and ran the vehicles solely on Gasoline, they still received the $5,000 per vehicle credit from the Federal Government.

There may be additional costs associated with access to Flex Fuel supplies and possible infrastructure costs associated with retrofitting County Service Stations in order to distribute the alternative fuels.

V. COMMENTS AND QUESTIONS

Although Ethanol, Gasohol, E-85, and/or any other alternative fuel derivative are not common in Florida, many of the vehicle models offered can utilize strictly gasoline, strictly ethanol, or any combination thereof.

There are currently approximately 6 million vehicles in the United States that utilize Gasohol products.

A few years ago, Miami Dade-Transit experimented with alternative (ethanol based) fuels in some vehicles. At the time, a variety of obstacles including overheating and maintenance costs precluded MDT from expanding the program further, and the use of these fuels was discontinued.

On August 15, 2002, the Alternative Fuels Advisory Committee presented a list of recommendations to the Board of County Commissioners, which included the implementation of Alternative Fuel vehicles into Miami-Dade's Fleet.

Attachment 1

MSNBC.com

Is a hybrid car worth the gas savings?

Green cars cost more to buy, more to insure, and depreciate faster

By Anne Thompson
Correspondent
NBC News
Updated: 7:30 p.m. ET Aug. 16, 2005

Clay Chandler is looking for his second hybrid, this time an SUV, because as the owner of a Toyota Prius, he's one of the few people smiling at the pump. "It's especially nice when you go into a gas station and everyone else is going past $30 dollars and mine stops at $10 or $11," says Chandler.

That's the promise of these vehicles with electric motors and gas engines — but what's the reality?

David Champion tests cars for Consumer Reports. The government says the popular Prius gets 60 miles a gallon in the city and 51 on the highway. But in real-world driving, Champion, got less.

"We found very similar results on the highway," said Champion, "But instead of 60 miles per gallon we only got 35 miles per gallon in the city. So it's a huge difference."

And not all hybrids are the same. While they started out emphasizing fuel economy — by using the electric motor at low speeds — today, some cars like the Honda Accord hybrid emphasize performance, using the electric motor to boost the gas engine.

"The Honda Accord hybrid gives you almost a second quicker zero to 60, but only gives you maybe 2 miles per gallon overall in terms of your fuel savings," says Champion.

There's more to consider than just gas savings: This technology is expensive — adding $3,000 to almost $12,000 to the price.

Automotive analysts say these green vehicles depreciate faster and, because they are more expensive, cost more to insure.

"Hybrids make great sense if you want to make a statement," adds Champion. "If you purely want to save money, they're a little less defensible."

In fact, after crunching the numbers, Edmunds.com found only the Prius saved the buyer money after five years — just $81 over a conventional Camry.

It doesn't matter to Scott Neal, who's about to buy a hybrid SUV.

"I will have fun driving it," says Neal, "And I will be helping the ecology and keeping pollution down."

And that, he and other hybrid owners believe, makes all the sense in the world.

MSNBC.com

Brazil buys into flex-fuel cars

They run on gas, ethanol or any combination

The Associated Press
Updated: 11:35 a.m. ET Aug. 30, 2004

SAO PAULO, Brazil - If it wasn't for the TotalFlex logo on the new Gol subcompacts leaving a sprawling Volkswagen plant, the shiny cars would be indistinguishable from millions already on the road across Latin America.

But these Gols and other models produced by Fiat SpA and General Motors Corp. have modified engines that, given the rising price of oil, are making Brazilians smile at the gas pumps. They run on gasoline, alcohol or any combination of the two and now represent nearly 20 percent of the new cars sold in Brazil.

With alcohol — also called ethanol — cleaner and selling at half the price of gas in South America's largest country, Brazilians who have bought 200,000 "flex-fuel" cars since their launch last year say deciding which fuel to use is a no-brainer.

"Alcohol, all the time," said office manager Roseli Santana as she filled up her 2004 subcompact GM Montana pickup at a Shell station in Sao Paulo, Brazil's largest city and home to 5 million cars. "I was using 52 reals ($17) of gas every week, now I'm paying 30 reals ($10) for the same amount, except it's alcohol."

Export goal

Brazil hopes to export flex-fuel cars and technology around the world, and auto industry executives say interest from abroad is increasing. So far, Volkswagen has hosted delegations from Australia, China, England, India, Japan and South Africa.

"They want to know how it works," said Joao Alvarez Jr., the top engineering executive for Volkswagen's Brasil's flex-fuel car lineup, which has the biggest market share. "Gasoline is going to run out someday, everyone knows that."

Engine and assembly line changes to make flex-fuel cars aren't complicated, though the cars come outfitted with a tiny gas-only tank under the hood smaller than a windshield wiper fluid reservoir. It's used to start the car on cold days just for a moment before automatically switching back to alcohol or whatever is in the main tank.

But mass exports of flex-fuel cars aren't likely in the near future, because no other country has an alcohol fuel production and distribution system as advanced as Brazil's. Virtually all the country's service stations offer alcohol.

1970s origin

The idea for non-gas powered cars goes back to the 1970s fuel crisis, when Brazil's economy nose-dived, prompting the country's military dictatorship to launch a campaign to wean the country from expensive, imported oil.

Government subsidies helped fund the design and manufacture of alcohol-only cars. They also supported a vast industry near Sao Paulo to cultivate sugarcane and refine it into alcohol, and an alcohol distribution network that spans a country nearly the size of the continental United States.

Millions of Brazilians switched to the alcohol-only cars in the 1980s, but a 1989 shortage of alcohol left enraged motorists unable to fill up and drive their cars. Falling gas prices in the 1990s added to the end of the country's affair with alcohol-only cars. Last year's sales of alcohol-only cars represented only 3.5 percent of new vehicle sales.

But flex-fuel cars sales took off after the vehicles made it to show rooms last September, totaling 50,000 through the end of 2003. An additional 150,000 were sold from January through June, the latest period for which figures are available.

Infrastructure abroad needed

Other nations like the United States are promoting a fuel mix consisting of 85 percent alcohol and 15 percent gas, but experts say it will take years — if not decades — for true flex-fuel cars to be sold outside Brazil.

"The problem with these flex-fuel vehicles is they need to meet with an established infrastructure," said Cristoph Berg, a commodities analyst with F.O. Licht in Germany. "In the case of Brazil, the fuel was there first."

Some American cars can run on the alcohol-gasoline mix, known as E85, but it's hard to find at the pumps. Most of the efforts of carmakers in the United States on alternatives to gas has been focused on making and marketing hybrid cars with gas and electric engines.

Flex-fuel cars will grab an increasing share of the Brazilian auto market even if gas prices fall because buyers get a viable fuel choice they never had before, said Joao Leite, owner of the Autoinforme Web site focusing on Brazil's auto industry .

"If gas and alcohol are the same price, I'm still going to go for the flex because you never know what will happen in a year or two," he said. "You can't lose with a flex car."

Natural gas version

Other big automakers, like Ford Motor Co., plan to start selling Brazilian flex-fuel cars this year. And GM recently upped the ante on fuel choice for Brazilians, offering a flex-fuel car that also runs on natural gas, widely available at the pumps in Brazil's biggest cities.

Brazilian drivers for years have hired mechanics to install natural gas conversion kits on their cars. But GM's compact Astra is the first to come with natural gas as a factory-installed option, with an extra tank for the fuel in the trunk.

After buying her flex-fuel pickup in January for $8,300, Santana experimented with mixes of alcohol and gas before settling on pure alcohol. The vehicle's performance is the same on both types of fuel, she says, though it gets slightly fewer miles to the gallon with alcohol. So far, she's saved about $200 on fuel.

Three of Santana's friends bought flex-fuel cars after she told them she will never go back to a gasoline-powered car, and will only buy gas for her pickup if the price drops significantly.

"I was a little worried about using the alcohol, but there's really no difference," Santana said. "If it ends up costing the same price, maybe I'll just mix the two."

RTC
October 14, 2005

ADDITIONAL INFORMATION

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<tr><th><u>Item#</u></th><th><u>Subject Matter</u></th><th><u>Comments/Questions</u></th></tr>
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<tr><td>3(C)</td><td>Extension of consulting services agreement between the County and the Center for Airport Management (CAM)</td><td>Amount of compensation: $200,000

What type of services has CAM provided during the current calendar year?

The following list, provided by the Aviation Department, outlines the specific types of services performed by CAM during the past year:

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<tr><td>CAM 2005 Task Schedule</td><td>1/10/2005</td></tr>
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